



Niagara Frontier Transportation Authority
Serving the Niagara Region

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www.nfta.com

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December 31, 2013

Mr. Robert Graber
Clerk of the Legislature
County of Erie
92 Franklin Street, 4th Floor
Buffalo, NY 14202

Re: Niagara Frontier Transportation Authority

Dear Mr. Graber:

Pursuant to Public Authorities Law Section 2801, please be advised that the NFTA's five year capital plan for fiscal years ending March 31, 2015-2019 and the annual operating budget for fiscal year end 2015 has been posted on our website at www.nfta.com. We are **presenting a balanced budget for FYE 15** that reflects the Authority's mission and that of each of the strategic business units.

MISSION STATEMENT

The Niagara Frontier Transportation Authority is a multi-modal entity encompassing a skilled and dedicated workforce. We are firmly committed to providing safe, efficient and professional transportation services that enhance the quality of life in the Buffalo Niagara region in a manner consistent with the needs of our customers.

The budget includes: cost control measures and projects, technology improvements, green initiatives that will result in operational changes, an increase in State Operating Assistance and moderate growth in other revenue sources. The overall spending plan is \$206.6 million. The overall budget is summarized below by major business center.

**FYE 15 Budget
Net Surplus/ (Deficit)**

BNIA	5,501,041
NFIA	(1,656,000)
Metro	(891,360)
Transportation Centers	(1,428,360)
Property Dev.	(1,525,050)
NFTA Combined	0

AUTHORITY-WIDE ASSUMPTIONS

- Metro base fare remains the same @ \$2.00
- Metro core ridership consistent with FYE14 levels
- BNIA enplanements increasing 1%
- NY State operating assistance increasing \$2,245k, or 5.0%, based on historical ten-year average annual compounded increase
- Erie County Sales Tax increasing 2.5%, based on five-year average annual compounded increase
- Mortgage Tax increasing 3.4%, based on three-year average median residential price increase
- FYE15 Metro fringe benefit rate – 81.1%
FYE15 NFTA fringe benefit rate – 51.4%
- FYE15 Metro health insurance costs - \$20,490k
FYE15 NFTA health insurance costs - \$6,415k
- NFTA/Metro health insurance rate increasing 6%
- Diesel fuel budgeted @ \$3.12/gal, the average cost over the previous 26-week period, FYE15 budget includes 23% of our anticipated usage locked in @ \$3.19/gal
- Transfer of MIS department from Finance & Administration to Executive branch
- NFTA/Metro workers' compensation costs in increasing 15%, or \$1,094k
- FYE15 budget includes nine new positions
- Total fiscally constrained NFTA/Metro equity funded capital increasing \$1,528k, or 22.8%
 - Metro: \$2,114k, or 156.6% - ORBCAD upgrade, eleven new buses, fare collection replacement and various rail maintenance projects
 - Transpo Ctrs: \$329k, or 61.4% - various MTC rehab projects
 - Prop Devel: \$872k – 485 Cayuga roof rehab
 - Exec Branch: \$782k - miscellaneous MIS capital projects
 - BNIA: (\$2,328k), or (70.4%) – major projects such as runway rehab intersection 5/25 and 14/32 and long-term parking lot expansion completed in FYE14
- Other fiscally constrained Major Projects (outside funding)
 - Metro: Niagara Street Corridor Project - \$1,612k
 - Buffalo Corridor Alternative Analysis - \$965k
 - Track Foundation Replacement – 500 Block - \$3,364k
 - LRV Mid-life Rebuild - \$8,845k
 - BNIA: Noise Compatibility Program - \$5,300k
 - NFTA: Terminal Apron Expansion - \$1,084k

AVIATION

AVIATION MISSION

Aviation serves as a catalyst for economic growth by maintaining cost effective, customer oriented, and efficient airports to attract and retain comprehensive and competitive air transportation services.

BUFFALO NIAGARA INTERNATIONAL AIRPORT (BNIA)

BNIA is well poised to maintain a competitive air service environment with the diversification of airlines. The budget assumes a 1% increase in enplanement growth. The continued increase of customers, especially Canadian customers has spurred economic development in the area and the need for additional parking.

Compensatory revenue is increasing 1.4% while our expenses are growing 2.1%. Increases in health insurance, workers' compensation and non-represented and contractual salaries are partially offset by decreasing maintenance repair costs due to lower baggage maintenance expenses, as we have solicited the services of a company whose supply costs are significantly lower than the predecessor.

To help reduce the reliance on BNIA revenues to pay for the NFIA debt service payments on the new terminal, the FAA is allowing the use of NFIA's FAA Entitlement funds to be utilized. The amount of entitlement funds budgeted for FYE 15 is \$2.195 million. Major capital projects such as the runway rehab and parking lot expansion will be substantially complete during F/Y 14 contributing to the \$3.372 million variance in non-operating capital line item.

Key Projects for BNIA include:

- The continuation of the Noise Compatibility Program
- New ARFF facility
- Revenue Control System Replacement

NIAGARA FALLS INTERNATIONAL AIRPORT (NFIA)

The NFIA has had a tremendous positive economic impact on the Niagara region. The overall aviation strategic planning process and the NFIA master plan will illustrate this positive economic impact to the region. NFIA, which is a joint use facility with the US Air Force Reserve base, is going to continue to assist the Niagara Falls Airbase to maintain its presence in the region. The budget for FYE 15 reflects an increase in revenues of \$165k, or 9.2%, reflective of an anticipated higher landing fee and rental rate and increased business activity.

Operating expenses are growing 6.1% due to increases in maintenance/repairs and advertising costs.

Included in the FYE 15 budget, are the conclusion of the NFIA Master Plan and funds for an environment assessment study.

Key capital projects include:

- Rainbow Industrial building acquisition
- Design for New Terminal Aprons
- Part 77 obstruction removal - property acquisition

SURFACE TRANSPORTATION

SURFACE TRANSPORTATION MISSION

The mission of the Surface Transportation Division is to enhance the quality of life of residents and visitors by providing the highest level of safe, clean, affordable, responsive, and reliable transportation through a coordinated and convenient bus and rail system.

The Metro Consolidated Budget for FYE 15 is a Net Deficit of \$892k and does not include any fare increases or significant changes in service. Revenues are increasing \$424K, as the budget reflects a continued expansion of our University Pass Program while core ridership remains consistent with FYE 14 levels.

Key to the FYE 15 budget is the assumption of an increase in State Operating Assistance of \$2,245K based on a ten year average annual compounded increase. The NFTA continues to pursue an equity adjustment to bring Metro more in line with what the other upstate agencies receive.

- We receive the lowest State Transit Operating Assistance (STOA).
- If we were to receive on average what the other three upstate agencies are awarded it would be an additional \$8-10 million per year.
- NFTA Metro provides more coverage than any other upstate transit agency.
- Transit need is greatest in the Buffalo Niagara region as there are more households with no vehicles as compared to other upstate transit communities. Over 77% of riders in Buffalo are transit dependent.
- We are the only system in upstate New York with a light rail system.

Expenses are increasing \$4,894k, or 3.8%, as increases in health insurance, workers' compensation and salaries along with higher maintenance repair costs, such as rail tamping and escalator costs, contribute to the variance. A key assumption in our FYE 15 budget is a 10% employee contribution in health insurance costs. This is important in an attempt to mitigate the impact of an employee fringe benefit rate that has climbed to 81.1%. Also, our fuel is locked in at 23% of our anticipated usage at an average cost of \$3.19/gallon.

Going Green is a strong theme reflected in the budget with the inclusion of a CNG fueling Station and a CNG equipment project.

Directly benefiting the customers we are purchasing 11 big and 10 small buses, and implementing a passenger information system. Our flagship project of the Midlife Rebuild of our Light Rail Vehicles is projected to continue to move forward with the continued delivery of completed vehicles.

Technology is also key with the design of a new fare box system.

TRANSPORTATION CENTERS

This fiscal year the MTC has seen a transformation of the waiting area for our customers as well as other improvements in the concourse area, most notably with the addition of Tim Hortons.

Capital projects include funds for our proposed customer service center and the rehab/relocation of our customer/driver restrooms.

PROPERTY MANAGEMENT

PROPERTY MANAGEMENT MISSION STATEMENT

The mission of Property Management is to manage and develop the NFTA owned real property to optimize the generation of self-supporting discretionary revenue to support our transportation businesses while fostering economic growth.

The Budget reflects DRS not renewing their lease at 485 Cayuga, the lease expires on December 31, 2013. The impact on our Net Deficit with this assumption is approximately \$950k with the loss of rental and utility rebilling revenue.

The Budget for Property Management assumes we are operating the Boat Harbor and reflects a return to a more normal boating season in 2014. The impact on this assumption represents \$37k of the Net Deficit.

Capital spending is increasing \$931k primarily due to our \$872k Cayuga Road roof rehab project.

CENTRAL ADMINISTRATION

SUPPORT SERVICES MISSION STATEMENT

The mission of Central Administration is to proactively provide high quality, coordinated, innovative, technological, cost-effective support service solutions for our internal and external stakeholders.

In FYE 13 the ARRA grant concluded, however, FYE 14 included prior period residual funds, which accounts for the FYE 15 Operating Revenue Assistance variance.

The capital budget includes miscellaneous MIS projects and funds, the completion of our Time Capture System that will take us from a completely manual process to automated, creating efficiencies, reducing redundancies and allowing for management tools and improved internal controls. In addition, this is a green project with significant paper and carbon foot reduction. Also included in the capital budget are funds for a new telephone system.

Operating Expenses are also increasing with the inclusion of three new positions: Data Warehouse Administrator, Business Systems Manager and Mobile /Web Application Developer.

If you have any questions regarding this matter, please contact Patrick J. Dalton, Interim Chief Financial Officer, at (716) 855-7250.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Kimberley Minkel", with a large, stylized flourish at the end.

Kimberley Minkel
Executive Director

KAM/cf